



Trade and Agriculture **What's at Stake for Nebraska?**

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Nebraska is one of the leading producers of agricultural products and a major exporter. The State's farm cash receipts totaled \$8.9 billion in 2000, and Nebraska ranked fourth among all 50 States with agricultural exports estimated at \$3.1 billion. These exports help boost farm prices and income, while supporting about 44,800 jobs both on the farm and off the farm in food processing, transportation, and manufacturing. Exports are increasingly important to Nebraska's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 35 percent in 2000.

Nebraska's top five agricultural exports in 2000 were:

- # live animals and red meats -- \$1.0 billion
- # feed grains and products -- \$769 million
- # soybeans and products -- \$454 million
- # animal hides and skins -- \$276 million
- # feeds and fodders -- \$260 million

World demand for these products is increasing, but so is competition among suppliers. If Nebraska's farmers, ranchers, and food processors are to compete successfully in the 21st century, they need *fair trade* and *more open access* to growing global markets.

Nebraska Benefits From Trade Agreements

Nebraska is already benefitting from a number of agricultural trade agreements. While there is much to be done, examples of market opportunities for Nebraska include:

- # Nebraska, the nation's third largest feed corn producer, benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.
- # Nebraska has the nation's second largest cattle industry, and cattle and calves account for nearly half of the state's total farm receipts. Nebraska benefitted as Japan reduced its tariffs on chilled and frozen beef to 38.5 percent, a move that exceeded its Uruguay Round commitment. Japan's imports of U.S. beef rose from 274,000 tons valued at \$1.3 billion in 1994 to 368,000 tons worth \$1.5 billion in 2000. South Korea eliminated its chilled and frozen beef import quotas in 2001 and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at \$227 million in 1994 to 143,000

tons worth \$506 million in 2000.